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28 February 1978

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM: John F. Blake
Deputy Director for Administration

SUBJECT: Report on Industrial Contracts and
Industrial Security

1. It is with pleasure I forward for your reading the attached report on "Industrial Contracts and Industrial Security."

2. Background on the report is as follows. As a result of the Boyce/Lee case it was determined that steps had to be taken to strengthen the industrial security program of the Agency. The DCI asked that this matter be given intensive attention. I had long felt that the time had arrived for a comprehensive review of all aspects of the Agency's contracting program. In addition to industrial security, which plays a supporting role in the contracting program, the functions of Logistics, Security, and Audit are heavily involved. The last major study was made in 1966 and that fact alone bore heavily on my reasoning. The DCI agreed with the overall approach and on 16 September 1977, as the Acting DDCI, I launched the undertaking. Because of the Director's known high interest in industrial security that was given first priority for consideration and an interim report on that matter was submitted to the Director in December 1977.

3. I now propose the following course of action. I would like to suggest that you gentlemen, at your convenience, familiarize yourself with the contents of this report. In so doing, I believe it would make sense if you first read the memorandum contained in Appendix I which established the parameters of this comprehensive review. I am simultaneously sending copies of the study to the other Agency deputies, heads of the appropriate independent offices, and to [REDACTED] We will then take action to schedule a meeting of the Executive Advisory Group to discuss the reports recommendations. Following that meeting the EAG will present their position on adopting the recommendations to the DCI.

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John F. Blake

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